# Annual Report 2002

Information Services Corporation of Saskatchewan

## Vision and Mission

ISC will be an effective and profitable customer focused organization, trusted and respected by all our stakeholders.

## Mandate

The corporation delivers and markets innovative and integrated registry, geomatics and information products, services and solutions.

## Values

### Customer Focus

We will conduct business in a customer focused manner by being open, reliable, responsible, responsive and innovative.

### Business Ethics

We will conduct business with integrity in a socially responsible manner including confidentiality of information and sound public policy.

### Organizational Strength

We will be an employer of choice by encouraging and recognizing employee growth, contribution, innovation, commitment, diversity and community involvement.

We will conduct business in a dynamic environment that promotes continuous improvement, creative use of technology and a competitive edge.

### Business Stewardship

We will conduct business by providing quality, value-based, competitive products and services.

We will conduct business in a financially responsible manner, contributing to the growth and prosperity of Saskatchewan, while maximizing shareholder return.

We will seek partnerships with the private and public sectors for mutual benefit.

## Goals

### Financial Goal – Achieve Profitability

- Tightly manage operating costs
- Revenues greater than costs by Q4 2003
- Understand cost/manage costs

### Customer Service

- Establish and exceed customer metrics
- Engage and involve customers in everything we do
- Optimize front/back end processes to maximize customer value

### Reliability/Integrity of the Registry

- Finish LAND, including conversion
- Enable self-service model to enhance system integrity by 2005
- Champion end-user development
- Make it easier for customers to do business with ISC

### Organizational Effectiveness

- Build one ISC team
- Align business processes with goals
- Increase ownership and accountability throughout ISC
- Become a proactive organization

### Growth

- Plan for long-term growth
- Develop capacity for growth

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# Letter of Transmittal

LETTER OF TRANSMITTAL

Regina, Saskatchewan

March 2003

To Her Honour

The Honourable Lynda Haverstock

Lieutenant Governor of the Province of Saskatchewan

Your Honour:

I have the honour to submit herewith the Annual Report of the Information Services Corporation of Saskatchewan for the year ended December 31, 2002. This report includes the financial statements for the year in the form approved by the Treasury Board, duly certified by the auditors of the Information Services Corporation of Saskatchewan, all in accordance with the *Land Information Services Facilitation Act*.

Respectfully submitted,

Eric Cline, Q.C.
Minister Responsible for
Information Services Corporation of Saskatchewan

# Message from the Chairman of the Board

## Message from the Chairman of the Board

2002 was very much a year of transition and of evolution for the Information Services Corporation (ISC) of Saskatchewan. Since its formation as a Crown in 2000, ISC's attention has been on ensuring that the structure, the people and the technology have been in place to deliver the promise of a fully automated land titles and geographical registry - one that could be used by anyone in the province or around the world any time of day or night.

In 2002, a significant milestone was achieved with the full implementation of the Land Automated Network Delivery (LAND) System across the province. While ISC continues to convert paper-based titles into electronic files and link each of those titles to a parcel picture, the conversion process is on schedule for substantial completion in 2003. The end result for Saskatchewan will be an infrastructure that modernizes the basic foundation on which commerce is conducted in the province.

This has been a monumental task of change management and it has not been without challenge. In addition to establishing new policies and procedures to support the automated system, ISC employees and customers were learning new rules and adjusting to a new way of doing business. Those adjustments take time, and, as a result of both customer response and internal processing challenges, the LAND System is not yet operating to its full potential. However, in partnership with the many stakeholders who rely upon its services, ISC will evolve to more effectively meet today's demands and the future needs of Saskatchewan residents.

We would like to acknowledge the support and contribution to ISC's corporate governance and to reaching this milestone from past Board members, Rod Crook, John Whyte and former Chair, Frank Hart. We would also like to recognize the vision and the efforts of past President and CEO Fraser Nicholson, who helped to guide ISC through its formative years.

In 2002, Mark MacLeod joined ISC as interim President and Chief Executive Officer. Mr. MacLeod's commitment to the province, and his firm belief that Saskatchewan businesses can achieve success through shared vision, innovation and plain hard work have been instrumental in shaping the future for ISC. Mr. MacLeod recognized that, before ISC could pursue any growth opportunities, the LAND System needed to first work more effectively for Saskatchewan people. In addition to system improvements, Mr. MacLeod is a champion of customer service. To that end, ISC's clients have acknowledged a significant improvement in the corporation's responsiveness on a number of fronts, including processing times, error corrections and issue resolution.

On behalf of the Board of Directors, I would like to thank Mark for his contributions to ISC, and to commend all ISC employees for their ongoing dedication and support in achieving these milestones. I am confident that the steps taken in 2002 and those planned for the coming year will contribute to the success of ISC and to the ongoing economic enhancement of Saskatchewan.



Larry Hiles
Chairman of the Board

## Message from the President

Mid-way through 2002, I was welcomed to Information Services Corporation (ISC) as the interim President and Chief Executive Officer. ISC is a young organization that has taken on a monumental challenge. ISC's employees have not only met the challenge to automate the province's Land Registry and link it to Geographic Information Systems (GIS), they have also taken the steps necessary to build a foundation for future growth. I commend the many people, past and present, who have been involved in the LAND Project and the formation of ISC. Your contributions to this historic undertaking have provided a framework upon which we intend to build.

During its initial years, ISC has focused on implementing the LAND System province-wide, completing the conversion process, and clarifying and establishing many of the policies and interpretations of the laws that will govern all registry transactions in Saskatchewan. This work positions ISC to interact and conduct business with stakeholders, customers and partners who have an interest in the expansion of registry services in the province.

We continue to look ahead with a clear understanding that first we must focus on making the LAND System work, not only as promised, but better than expected. The LAND System, the ISC Web site interface, the Personal Property Registry - all of these elements must work easily and seamlessly for our customers. Since joining ISC, I have had opportunity to meet with hundreds of customers and stakeholders. From those discussions, it became clear that people wanted ISC to become much more focused and deliver results based on business fundamentals. To that end, ISC committed that by December 31, 2003, it would be "... an effective and profitable organization, trusted and respected by all stakeholders." We will achieve this goal by delivering on five key business goals:

- Achieving profitability
- Improving customer service
- Increasing the reliability and integrity of the Land Registry System
- Improving organizational effectiveness
- Growing our revenue

We are well on our way to achieving those business goals. In 2002, we eliminated about $2 million in costs, and have committed to shaving out an additional $3 million in operating costs for 2004. ISC is undertaking activities to position it to show a profit by the last quarter of 2003. We are reducing the layers of management at ISC, to improve accountability, increase efficiency and become more flexible in meeting customer demands. We refocused our efforts from selling our services externally until such time that customers in Saskatchewan tell us that the LAND System is working to their satisfaction. We are working to restore their confidence in the integrity of our products and services.

In 2002, we publicly acknowledged that our fee model did not meet our revenue expectations and we needed to change our business model to better reflect our cost of doing business. We are proposing a rebalanced fee model in 2003. It is true that this will bring some fee increases to some of our customers. But for others, primarily those in rural Saskatchewan and those with low value transactions, they will actually pay less. At the same time, we are working on simplifying our fee structure.

We also looked at more clearly defining our business in 2002. We partnered with Saskatchewan's Information Technology Office (ITO) and asked the Gartner Group to recommend a governance model for geomatics decisions. GIS is a key component of LAND, and one that offers huge unmet potential for both the public and the private sector in this province and beyond. In 2003, we hope to examine and work with our partners to implement some of Gartner's findings for the benefit of the whole province.

There is still much work to be done as ISC evolves, but as we move forward, all focus is on our customers and on working to build Saskatchewan from the LAND up.

Mark MacLeod
President and CEO

## It's All About the LAND

Information Services Corporation of Saskatchewan (ISC) was founded on January 1, 2000 with the goal to create a one-stop source for all land titles, provincial survey, mapping and Geographic Information System (GIS) needs. The mandate was to integrate all these previously separate functions, to automate with 24-hour, seven-day-a-week Internet access and to develop and maintain an administration and delivery system that meets the needs of everyone doing business in Saskatchewan.

At the same time, recognizing that not everyone has access to Internet technology, ISC was also to maintain a network of regional offices. This would allow access to customers who preferred to conduct their business in person, by fax, mail or by e-mail.

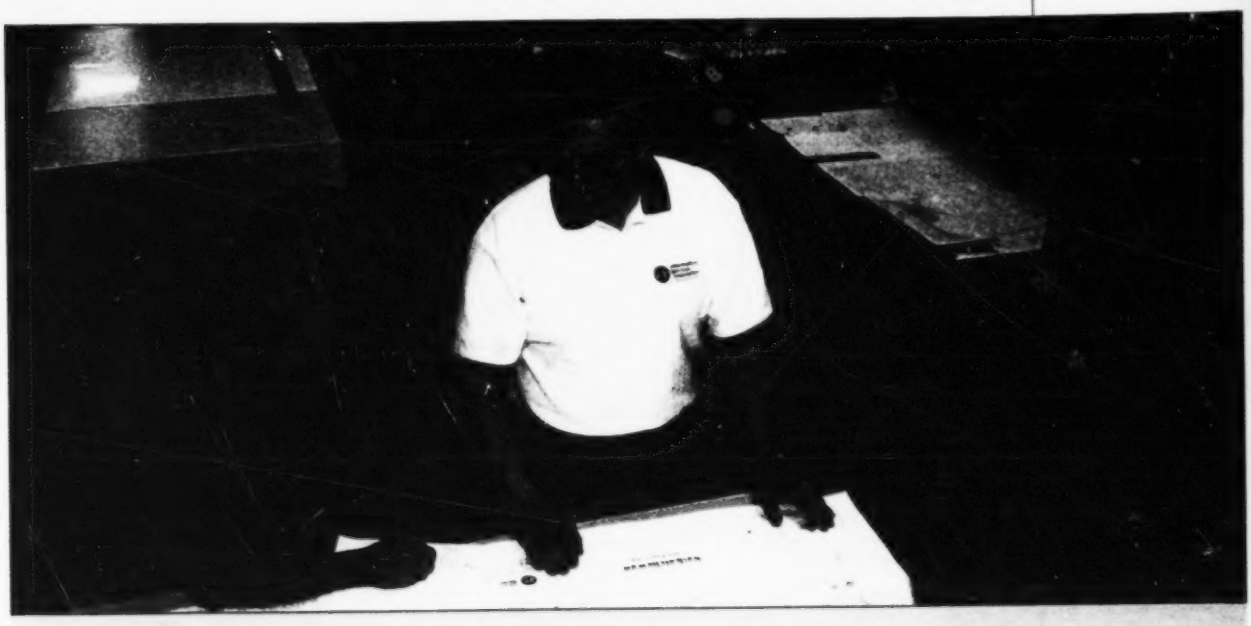
To make this vision a reality, the Land Titles Automated Network Delivery System – the LAND System – was developed. Designed in Saskatchewan, it gives customers single-source, Internet-based access. Customers can now initiate transactions that were previously only possible by contacting regional Land Titles Offices.

The LAND System has made it easier for a homeowner, a farmer or a financial institution to search or conduct a title transaction. A lawyer, surveyor, real-estate professional or public or private utility can similarly conduct business quickly and efficiently online. The system also created the opportunity for those interested in genealogy or other historical information to gain easy access to titles, grants and surveys dating back before the very beginning of Saskatchewan.

***Does the System work?*** In 2002 the System was fully implemented across the province. Customers visited the ISC Web site over 40 million times, 95 per cent of LAND transactions were submitted electronically and System availability and access exceeded 99 per cent.

## What is LAND? A Brief History

Saskatchewan's Land Title System was established in 1886. Until the introduction of LAND, it had changed little since then. To conduct their business, customers needed to work directly with a local Land Titles Office (LTO). While this offered a personal touch, these offices only had access to local records. During peak periods, employees could not always rely on other LTOs for backup. Furthermore, as all records were on paper, some of which was deteriorating, access required physical retrieval and reproduction. This resulted, at times, in simple transactions taking several weeks to complete. In addition, the district model led to some inconsistencies in policy application.



***Creating a knowledgeable workforce:*** ISC brought together employees with proven registry, title and plan processing and GIS expertise from Justice, the Saskatchewan Property Management Corporation as well as local IT industry experts. In September 2002, ISC's bargaining unit was formed and the consolidated collective agreement was signed in December 2002. By the end of 2002, ISC had 502 dedicated permanent and term employees.

The LAND System created one decentralized Land Registration District. This meant that whether customers were conducting business from Moose Jaw, Humboldt or even Calgary – they could search, view and complete their transactions without ever leaving the comfort of their home or office. Implementation of LAND required a number of components including changes to legislation, the change from 10 separate land registration districts to one and the physical conversion of all paper documents into an electronic format accessible by any customer or ISC employee, regardless of where they live or work.

A key step in the implementation of LAND was the change from LTOs to Customer Service Centres (CSCs). This task began in 2001 with Moose Jaw, Regina Area and Regina Southeast and was followed in 2002 in Humboldt, Saskatoon Area and Saskatoon Midwest, Battleford, Prince Albert, Yorkton and Swift Current. During this time, ISC employees continued to consult with customers to better understand their needs. At the same time, ISC began an intensive training schedule resulting in 76 training sessions. These helped a total of 2,334 customers better understand and use the System and the services of ISC.

Adapting to any new system requires ongoing support. In 2002, ISC employees at the CSCs continued to provide their expertise, gained through their work in the former LTOs, to local customers. At the same time, the ISC Customer Call Centre answered province-wide customer questions about the System, policy changes, regulations and how to use forms. ISC employees also documented customer and stakeholder concerns and problems with the System. They fed this information back to ISC's technical experts who worked to develop ongoing solutions and easier-to-understand content for the training sessions. By the end of 2002, the Call Centre had logged over 160,000 telephone and e-mail customer contacts.

## Converting Paper to Electronic Data

By far one of the biggest tasks in the full implementation of the LAND System was the conversion of paper records to easy-to-search electronic files. This huge task began with the moving of all paper titles from the LTOs to the Conversion Centre in Regina. It was followed by the meticulous sorting and data entry from paper records.

***Imagine moving six kilometres of shelving*** – enough to fill the area of a Canadian football field – and then getting to work scanning and converting more than 50 million paper documents. In 2002 ISC continued this huge task, while still allowing customers to search for the title information they needed.

By the end of 2002, paper title conversion was substantially completed for Moose Jaw, Regina Area and Regina Southeast, Saskatoon Area and Prince Albert Former Land Titles Districts. In total, 701,855 paper titles were converted. It is estimated that all titles – more than 907,500 – will be converted by April 2003 and the GIS match (parcel picture) of legal land descriptions, a total of 2.2 million pictures, will be substantially completed by the end of 2003.

This means that ISC customers will have access to an estimated 10.5 million electronic documents. This number continues to climb as new housing and commercial properties are built and the province further develops its land base, and reaps the benefits of its natural resources.

## The LAND System Provides Automated Access

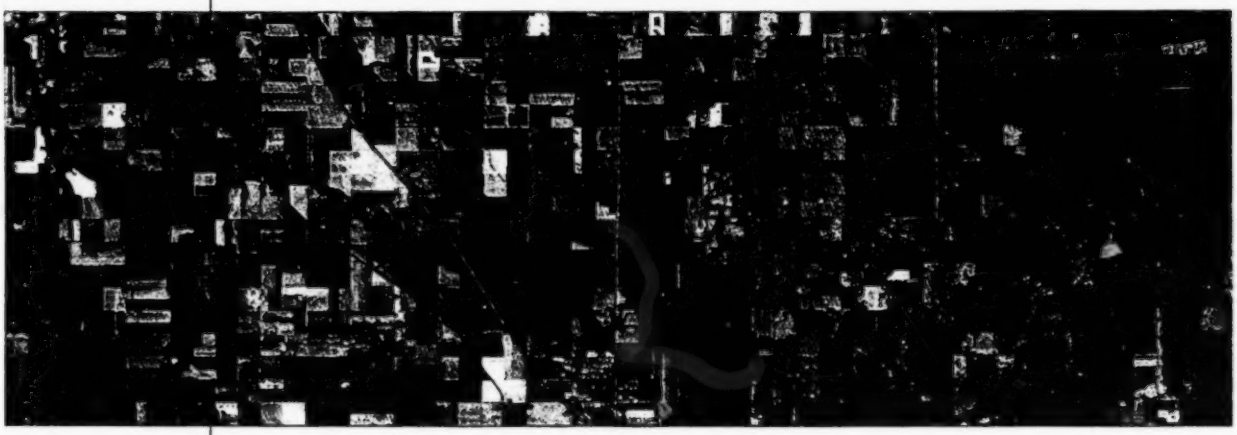
The LAND system introduced 21st century values of speed, automation and integration, while maintaining 19th century values of integrity, security and access. LAND honours both *The Land Titles Act, 2000* and *The Land Surveys Act, 2000*. In addition, the principles of the Torrens system, which provides guarantee of title, are also maintained.

The Land Registry is one key component. It is the public registry of ownership of land and interests in land, such as leases or mortgages. In Saskatchewan, title is conclusive evidence of ownership, subject to certain exceptions. Changes in ownership are not effective and interests are not effective or enforceable against a third party, unless they are registered in this System.

In 2002, the Land Registry successfully maintained two land titles systems and two sets of technologies – one paper based and the other electronic – for the benefit of customers and to ease the transition to the new System. By the end of the year, as LAND was fully implemented, the Land Registry moved to one automated system.

How did customers respond? Without question, 2002 was a year of evolution. The process, at times, was not an easy one. Customers told ISC they had had problems with ease of use, data accuracy, packet rejection, turnaround times and service standards. Customers also expressed a sincere willingness to help make the System work. ISC listened and began both significant process enhancement, education and training for customers and staff. ISC continues to actively engage and work with customers to understand and meet their immediate and anticipated needs.

***Does the system work?*** In 2002, 95,366 packets were registered. Almost 1.4 million active surface and mineral titles and more than 378,000 active surface and mineral abstract records were registered. Customers benefited from an average turnaround time for standard packets of six and a half calendar days. And the Land System itself was used for more than 2.28 million searches.



The survey system, which divides and defines all land parcels in the province, has been described as one of the "seven wonders of Saskatchewan". A quick plane ride anywhere in the province, or a look at any provincial map, clearly demonstrates this orderly, grid-patterned marvel. The maintenance of this grid, in terms of markers and monuments and its mapping, is the responsibility of the Controller of Surveys – the second key component upon which LAND is based.

Making full use of LAND's automation, Legal Surveys streamlined and consolidated plan processing activities into one provincial function. Legal Surveys maintains provincial survey policies and provides an interactive, real-time and graphical view of parcel data, assists in the searching for plans, parcels and titles and, in 2002, improved turnaround times over the previous paper based system.

Combined with ISC's GIS technology, ISC customers, whether they are twinning a highway, severing a parcel out of a farm quarter section, or looking to begin mineral exploration or forest cultivation, have come to rely on this function.

In addition, Legal Surveys is involved in the Treaty Land Entitlement (TLE) Program as it relates to survey and plan requirements for disposition of TLE lands – a very important function for the province and the people of Saskatchewan.

***Does the system work?*** In 2002, 1,958 plans were processed and approved. More than 1,100 Transforms Approval Certificates (TACs) were issued. These TACs were used to raise title to newly created parcels of land. This efficient, new process made it easier for the Saskatchewan construction and development industry to foster economic development in Saskatchewan.

The overall LAND System relies on a set of common services that provide for application receipt, document retrieval, account management, reporting and system administration. These functions take place at ISC's e-Business Centre located in Regina. Following the complete conversion of all paper records, this centre will also house all the electronic files upon which LAND is based.

Were these services used? In 2002, customers submitted a total of 161,914 packets for processing and ISC responded to more than 1.02 million requests for output. In total, by the end of 2002, ISC had created 1,122,871 client numbers and 15,846 customer accounts.

## Adding Security to your Next Vehicle Purchase

An integral, yet distinct responsibility of ISC is the Personal Property Registry (PPR).

The PPR allows a secured party, such as a seller or lending institution, to register a financing statement indicating an interest in the personal property of a buyer or a debtor. The PPR protects interests by providing a means of determining priority between competing claimants to personal property. It allows for the search of information registered against an individual, business or any personal property used as collateral, such as a motor home, a combine or a personal vehicle.

Although not yet accessible over the Internet, the PPR offers customers a variety of instantaneous searches and registrations through a pre-arranged and secure online access and specialized search capabilities through the Telephone Enquiry Centre.

In 2002, the PPR processed a total of 462,564 transactions. Of those, 77 per cent were searches and 60 per cent were conducted online.

***Why not buy an off-the-shelf solution?***

No Internet-based system existed anywhere, at any cost, that could merge and automate Land Title Registry, Legal Survey and GIS functions. The $17 million paper to electronic data conversion cost was unavoidable, even if an off-the-shelf system had been available or feasible.

The made-in-Saskatchewan solution created a world-class system that also helped build and support the local technology community. It demonstrated to both Saskatchewan's youth and business community that there are interesting and challenging work and career opportunities within the province.

## Focus on the Saskatchewan Customer

As with any new system or start-up corporation, from the beginning of the implementation of LAND, customers identified challenges and specific service and technical issues that prevented them from using the system to its fullest potential.

At the same time, ISC was positioned as a Crown corporation that leveraged the use of technology and would potentially market the LAND System to jurisdictions outside of Saskatchewan. Even before full implementation was completed in 2002, the LAND System generated significant commercial interest outside of the province, particularly with the World Bank and the Canadian International Development Agency.

In June 2002, Mark MacLeod joined ISC as the new President and CEO. Born and raised in Saskatchewan and committed to the economic development of the province, he built on the vision of ISC's previous administration. At the same time, he began to reposition the corporation to focus on the home market and on meeting and exceeding customer expectations.

Additionally, he began work on rejuvenating ISC's leadership team and set all employees on a significant operational initiative to optimize the System and its processes to be more responsive to customer needs. By the end of 2002, these changes resulted in:

- Better turnaround on titles – averaging three days (in Q1 of 2003)
- A more user-friendly Web site allowing easier sign in and search functions
- Fewer errors
- Faster corrections of data
- Fewer rejections
- More meaningful notifications and billing
- More image-based information made available
- Better training and access to corporate and technical information

## ISC and the Community

2002 was a year of transition and evolution for ISC. In this environment, the corporation respected its responsibility of being a good corporate citizen and contributed, where it could, for the benefit of Saskatchewan and its people.

ISC employees continued their tradition of contributing to the United Way of Regina and other Saskatchewan United Way campaigns. The corporation made donations to the Salvation Army's Kettle Campaign and other worthy charities serving people in the communities where ISC employees and customers live and work.

Noting its responsibility to encourage professional development in the province, ISC was a key sponsor of the YWCA of Regina Women of Distinction Awards.

ISC also worked closely with the University of Regina and the Regina Research Park to launch the first-ever Knowledge Exchange. This initiative presented a showcase for significant university research, demonstrating that there are significant and meaningful work and research opportunities for Saskatchewan's young people.

***Honouring war heroes and defining Saskatchewan's landscape***

What better way to honour Saskatchewan people who gave their lives in World War II, than to name northern lakes, peninsulas, bays and islands after them? The Geo-Memorial Project began in 1947. ISC and the Geographic Names Board continued their work on this initiative recognizing, to date, 3,800 men and women who gave their lives defending Canada.

In 2002, surviving relatives of 82 military personnel received commemorative certificates, as well as research about the geographic feature named in their relative's honour. The Geo-Memorial Project is scheduled to be complete by the end of 2003 when all Saskatchewan people who died serving their country in World War II will have a northern geographic feature named in their honour.

## ISC Focus on Financial Responsibility

On the financial side, ISC tighly managed its costs in 2002 and came in $2 million under its budgeted operating expenditures level. ISC will undertake cost reduction and efficiency initiatives in 2003. This paves the road for a more efficient and financially responsible corporation and a target of achieving profitability by the fourth quarter of 2003.

***What did LAND really cost the people of Saskatchewan?*** The Internet-based Land Registry, incorporating geographic information (GIS), always had a project budget of $58 million. Total cost is projected at $60.5 million. The Provincial Auditor of Saskatchewan agreed this is an acceptable variance.

Total costs included:

- System development and hardware costs: $24.3 million
- Conversion: $17.2 million (projected)
- Policy, law and preparation of the organisation: $4.3 million
- Project support: $14.7 million.

ISC underwent three separate special Provincial Auditor examinations looking at the expenditures and revenues of ISC, projected costs of the LAND Project and progress against objectives. In June 2002, a Special Report to the Standing Committee on Crown Corporations was published. It reaffirmed that ISC met the Auditor's scrutiny, supported its assumptions and fairly reported its progress.

## Looking Forward to 2003

2003 will be a year of transition. ISC will incur one-time transitional expenditures to position the corporation for stability and profitability. ISC will build on its experiences during its first full year of full implementation. It will continue to refine and, at times, re-engineer its operational processes to better understand and meet customer and shareholder needs. This understanding will be built first through ongoing and thorough customer engagements. ISC is developing more focused and industry specific training opportunities, as well as better information and technical support through the CSCs, the Customer Call Centre and the Web site.

In 2003 ISC will continue to enhance its processes, develop its employee expertise and strive to achieve financial sustainability. ISC will be an active participant in the success of the province's economy as it continues to evolve and grow Saskatchewan from the LAND up.

## Balanced Scorecard

Information Services Corporation (ISC) is a subsidiary Crown of Crown Investments Corporations (CIC) from whom it obtains high level strategic direction and focus.

Working jointly with all its subsidiary Crowns, CIC developed a Crown Sector Strategic Plan outlining and facilitating long-term direction and planning for the Crown sector. The Plan is reviewed and updated, as necessary, on an annual basis. It includes a guiding vision statement for the Crown sector, its primary business purposes, common business values and strategic business objectives.

Adopting this methodology, ISC has developed specific corporate objectives, measures and targets in its own Business Plan that are aligned with CIC's expectations in the areas of public purpose, financial, customers and stakeholders, and innovation and growth.

Together, The Crown Sector Strategic Plan and Balanced Scorecard form an integrated short and long-term strategic performance management system. ISC's performance for 2002 is measured against the following key objectives:

## Customer & Stakeholder Scorecard

Crown Sector Strategic Goal:
Exceed customer expectations for products and services.

ISC Long Term Business Objective:
Provide excellent value to customers and stakeholders including:

- Establish and exceed customer metrics
- Engage and involve customers in everything we do
- Optimize front and back end processes to maximize customer value
- Champion end-user development
- Make it easier for customers to do business with ISC

| Measure | 2002 Target | 2002 Actual / Discussion |
|---|---|---|
| **Successful automation of Land System** | | **Benchmarks were established to measure service delivery following province-wide implementation. The targets were not designed to be met until after full province-wide implementation, as it was not anticipated to be consistently achievable through the implementation period in 2002. 2002 represented a year of system implementation and establishment of baselines.** |
| **24-48 hour turn around time** | **80%** | |
| **Reduced number of rejections** | **70%** | |
| **Upgrade customer delivery channels for service support** | | |
| **Reduction in service calls (% reduction)** | **Implement** | |
| Service level turn-around time | | Target not achieved due to implementation period. Corporate initiatives in 2003 will be targeted at improving turn-around times. |
| Land Titles and Registry systems | 48 hours | |
| Legal and Geodetic surveys | 21 days | Within 12 days 80% of time |
| Personal Property Registry | 24 hours | 24 hour turnaround 99% of time |
| Customer Satisfaction | | |
| **Increased customer satisfaction (% satisfied)** | **70%** | **Survey completed in the 3rd Quarter of 2002 identified need for significant improvements. Initiatives for 2003 are targeted to improve customer satisfaction.** |

## Financial Scorecard

Crown Sector Strategic Goal:
Position the entire crown sector to prosper. Provide a return to the people of Saskatchewan that justifies the shareholder risk and investment.

ISC Long Term Business Objective:
To increase the value of ISC to the shareholder including:

- Achieve profitability by the fourth quarter of 2003
- Flat-line operating costs in 2003 and reduce base operating costs by $3 million for 2004

| Measure | 2002 Target | 2002 Actual / Discussion |
|---|---|---|
| Growth Targets - Revenues ($Millions) | $42.70 million | Actual revenue totaled $27.15 million. Shortfalls were largely due to substantial variations between the assumptions incorporated in the new LAND System fee model and actual results achieved in the areas operating under the new fee model. Improvements in revenue, including a rebalanced fee model, are planned for 2003.<br><br>The refocus of resources on LAND in Saskatchewan and away from business development activity impacted the business development revenue in 2002. |
| ROI Targets<br>New initiatives | 20% | ROI of 20% was used in assessing all new initiatives. |
| Performance Indicators ($Millions) | | |
| Net Income (Loss) - y-t-d | $0.24 million income | Loss of $6.22 million after operating grants from CIC of $14.3 million. Shortfall in bottom-line a direct result of revenue shortfalls as base operating expenses were under-budget. |
| Return on Investment (annual) | 2% | Negative return achieved due to deficit position. |
| Return On Equity (annual) | -6% | Negative return achieved due to deficit position; long term weighted average ROE target is 11%. |
| Debt Ratio | 107% | Ratio cannot be properly calculated due to deficit position; long-term weighted average debt ratio target is 68%. |

## Public Purpose Scorecard

Crown Sector Strategic Goal:
Contribute to social, economic and environmental public policies.

ISC Long Term Business Objective:
To fulfill our public mandate and contribute to social and economic development in the province including:

- Deliver mandated programs
- Promote development of information economy
- Contribute to environmental stewardship

| Measure | 2002 Target | 2002 Actual / Discussion |
|---|---|---|
| Employee Diversity | Establish targets | Workforce analysis complete, targets established & positive measures identified. |
| Universal access | 7 Regional Offices | 7 Regional Offices continue to exist |
| % Goods and Services purchased in Saskatchewan | 70% | 76% |
| Environmental responsibility and stewardship | Corporate sponsorships to position the Corporation as contributing value to the community and society. | Small sponsorship level planned and undertaken in 2002. |
| Minimize the environmental impact from operations by reducing the volume of paper | | |
| Land Registry Packet Submissions (% electronic) | 85% | 91% |
| Land Registry Output (% electronic) | 30% | 28% |
| Secure employment opportunities for Saskatchewan people | As workforce stabilizes, retention and turnover targets will be set in line with provincial and industry averages. Salaries to be competitive within Saskatchewan market and according to applicable collective agreements. | |
| Employee Satisfaction | Late 2002 employee survey to determine baseline. | Survey completed and baseline determined. Baseline will be used to establish improvement target for 2003. |
| Employment Equity | Maintain the status quo with respect to current representation for the permanent work force and implement an employment equity plan with qualitative goals and positive measures to increase representation of designated groups. | Status quo representation maintained. Specific measures and targets were set for 2003. |

## Innovation & Learning Scorecard

Crown Sector Strategic Goal:
Align human resources processes and practices to best deal with emerging sector wide issues and that support achievement of individual Crown corporation strategies.

ISC Long Term Business Objective:
To achieve the benefits of innovation, achieve organizational effectiveness and foster an environment for opportunity and growth including:

- Improve or establish an environment and framework to encourage innovation
- Develop and advance a knowledge management strategy
- Retain and attract high caliber, motivated workforce, building the ISC team
- Advance the achievement of a representative workforce
- Foster a corporate culture that embodies the vision and values and engages employees in the achievement of goals and objectives
- Align business processes with goals
- Optimize ownership and accountability model
- Develop a proactive organization
- Develop a plan and capacity for long-term growth

| Measure | 2002 Target | 2002 Actual / Discussion |
|---|---|---|
| Land Project on time | Final Regional Office Automated Summer / 02 | Final Regional Office Automated Summer / 02 |
| Land Project on budget (% over total budget) | 0% | 5% Projected variance is considered a significant accomplishment for an IT project of this size |
| % of users trained on LAND System | 75% | 2,334 individuals trained in 2002. Percentage target proved to be difficult to measure, therefore target revised to reflect number of users trained. |
| Personal Property Registration-integration with LAND system Increased real-time usage on-line | 40% | System rewrite is required to be real-time; initiative postponed while focus on improving delivery of LAND within Saskatchewan. |
| Employee skills training & development (training days per year, % of payroll, or combination of both) | TBD based on industry standards once workforce stabilizes | |

## 2003 Outlook

ISC continues to re-focus and evolve. In 2003 it will build upon its experiences during its first year of a fully implemented System. The corporation will continue to develop and refine core measures to establish meaningful indicators to help guide planning, business decisions and, ultimately, to help the corporation meet its own and its shareholder's strategic objectives. ISC has successfully implemented the Land Automated Network Delivery (LAND) System in all former Land Titles Districts in the province, and the title conversion is nearing substantial completion. As a result, ISC is able to shift its performance measures in 2003 from implementing a project, to an ongoing operations focus. This has resulted in some slight adjustments to the 2003 balanced scorecard, with the most significant change being the ability to focus on enhancing the delivery of customer service in Saskatchewan, thereby increasing the associated customer satisfaction in that market for 2003. The 2003 balanced scorecard reflects a stronger focus on the public purpose, people and innovation perspectives. The corporation believes that its people and innovation are critical elements to its long-term success. As such, ISC has redefined its previous perspective of "innovation and learning/growth" and separated it into people and innovation.

The key operational measures identified for 2002 continue for 2003. Additional key measures for the 2003-year include:

- Cost effectiveness - Operating expenses excluding amortization as a percentage of revenues
- Self sufficiency - Cash provided by operations less capital expenditures
- Employee diversity - Specific targets set by area to demonstrate progress to meeting current SHRC targets by 2010
- Employee training - Training expenditures as a persentage of payroll
- Workforce continuity - percentage of unplanned staff turnover

# Financial Information

## Management Discussion & Analysis

The information in this discussion and analysis should be read in conjunction with the financial statements and accompanying notes. This report is intended to assist the reader in understanding the corporation's financial position and operating results by highlighting the primary factors that impact them.

### Operating Results

Highlights

The following table provides an overview of the corporation's financial results for the 2002 fiscal year, with the 2001 fiscal year shown for comparative purposes.

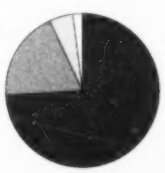
| ($Millions) | 2002 | 2001 |
|---|---|---|
| Revenues | $ 27.2 | $ 27.4 |
| Expenses | 36.0 | 26.0 |
| Income (Loss) from Operations Before the Following: | (8.8) | 1.4 |
| Payment to the General Revenue Fund | (11.7) | (11.7) |
| Grant from CIC to fund early retirement plan | (0.9) | 5.3 |
| Early retirement plan | 0.9 | (5.3) |
| Grant from CIC | 14.3 | 4.0 |
| Net Loss | $ (6.2) | $ (6.3) |

Substantial shortfalls from our LAND fee model not meeting expectations impacted the 2002 financial results.

In 2002, the core revenue-generating activities for ISC centered around Land Titles, the Personal Property Registry (PPR) and Geomatics. Business development initiatives, encompassed in the "Other" category, secured $0.5 million in new revenue for the corporation in 2002.

2002 Revenues $27.2 ($Millions)

- Land Registry 74%
- PPR 19%
- Geomatics 5%
- Other 2%



2001 Revenues $27.4 ($Millions)

- Land Registry 75%
- PPR 17%
- Geomatics 6%
- Other 2%

In 2002, the operating expenses were $36.0 million, compared to $26.0 million in 2001, reflecting the operations of Land Titles, the Personal Property Registry (PPR) and Geomatics. Increases in amortization of $6.7 million and interest of $1.6 million account for the bulk of the change in expenditures in the 2002 fiscal year.

Prior to the creation of the corporation, net revenue related to Land Titles and PPR search and registration was paid to the General Revenue Fund (GRF). The corporation continues this practice and remitted payments to the GRF of $11.7 million, comprised of $8.0 million for Land Titles and $3.7 million for PPR. Effective April 1, 2003, order-in-council #123/2003 suspended the requirement for the corporation to pay the $2.925 million per quarter to the General Revenue Fund.

The Crown Investments Corporation (CIC) paid the corporation general operating grants of $14.3 million in 2002, compared to $4.0 million in 2001.

### Financial Position

At December 31, 2002, ISC had $59.7 million in total assets, compared to $55.6 million at December 31, 2001.

ISC had $61.4 million in debt outstanding with the General Revenue Fund at December 31, 2002. Debt was $47.2 million in 2001. Of the $61.4 million, $30 million is long-term debt maturing on December 1, 2006, at an interest rate of 4.75% per annum. The balance of $31.4 million is short-term debt, due March 31, 2003, bearing interest at 2.74%.

During 2002, CIC contributed $1.2 million in equity advances, as compared to $5.1 million in 2001. ISC is incurring start-up losses and is not expected to declare a dividend to CIC in 2003.

Over the three years since the corporation was created, financing (debt and equity) of the corporation has accumulated in the following way:

CASH (USED IN) OPERATING AND INVESTING ACTIVITIES

| | ($Millions) |
|---|---|
| Operating Revenues | $ 75.5 |
| Operating Expenditures | (71.2) |
| Working Capital | (0.8) |
| Grants from CIC | 18.3 |
| Capital Expenditures | (63.6) |
| Payments to the General Revenue Fund | (31.4) |
| Cash (Used in) Operating & Investing Activities | $ (73.2) |

CASH RECEIVED FROM FINANCING ACTIVITIES

| | ($Millions) |
|---|---|
| Equity Advances from CIC | $ 12.0 |
| Short Term Borrowing from the General Revenue Fund | 31.4 |
| Long Term Borrowing from the General Revenue Fund | 29.8 |
| Cash Received from Financing Activities | $ 73.2 |

**Capital Investment**

With the creation of ISC on January 1, 2000, and the assumption of responsibility for Land Titles, Surveys, Mapping and Geographic Information Systems (GIS), the corporation acquired the LAND Project, the working capital associated with the Land Titles office operations, and the capital assets and net working capital of the SaskGeomatics Division of SPMC at the start of 2000. The corporation assumed the operations of the Personal Property Registry effective January 1, 2001.

Development of the LAND Project continued in 2000, 2001 and 2002. As of the end of 2002, $55.1 million has been invested in the automation of the province's Land Titles.

Costs of servers, network hardware and software, leasehold improvements and office furniture and equipment that on a project basis are captured as part of the LAND Project are classified for financial statement purposes as capital assets. LAND development costs for financial statement purposes include materials, services, direct labour, interest and overhead costs that are readily identifiable with the project, as well as amortization of the capital assets used in the LAND Project. Capital expenditures in 2002, including additions to capital assets and LAND development costs, totaled $13.7 million, as compared to $24.3 million in 2001.

**Outlook**

ISC will continue to build and maintain corporate infrastructure necessary to support the LAND Project, Geomatics, Land Titles, and Personal Property Registry operations. The corporation will focus on identifying and meeting customer needs and responding with ongoing system and process improvements, with completion of title and GIS conversions during 2003. ISC is expecting to become profitable in the fourth quarter of 2003. Financial performance is expected to improve once the new LAND System is fully implemented and functioning at a satisfactory level and operational efficiencies are achieved. ISC will focus its marketing efforts in the domestic market and will not pursue international opportunities. ISC has obtained an order-in-council to establish a new fee schedule and amend the fee schedule in 2003. The new fee schedule is projected to increase LAND revenues by 22%.

# Financial Information

## Management's Responsibility for Financial Statements

The accompanying financial statements included in the annual report of Information Services Corporation of Saskatchewan are the responsibility of corporate management. Management has prepared the financial statements in accordance with generally accepted accounting principles in Canada and necessarily includes some amounts based on informed judgment and management estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

The financial statements have been audited by the independent firm of Deloitte & Touche LLP, Chartered Accountants.

Management maintains an appropriate system of internal controls, policies and procedures to ensure the integrity and objectivity of the financial information. These measures provide reasonable assurance that all financial transactions are recorded and executed in compliance with required authority, assets are safeguarded and reliable financial records are maintained.

An Audit and Finance Committee, composed of members of the Board of Directors, met with management and the external auditor to review the corporation's financial statements, adequacy of internal controls, and discuss the audit results. The Board of Directors has reviewed and approved these financial statements.

Mark MacLeod
President &
Chief Executive Officer

Laurie Powers
Chief Financial Officer

## Auditors' Report

To the Members of the Legislative Assembly

Province of Saskatchewan

We have audited the statement of financial position of Information Services Corporation of Saskatchewan as at December 31, 2002 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants
Regina, Saskatchewan

February 28, 2003

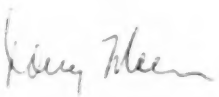
## Statement of Financial Position

Year Ended December 31, 2002 (thousands)

| | 2002 | 2001 |
|---|---|---|
| **Current Assets** | | |
| Cash | $ 2,285 | $ 1,135 |
| Accounts receivable (Note 3) | 1,344 | 899 |
| Grant receivable from CIC (Note 11) | 1,290 | 5,287 |
| Inventories (Note 4) | 291 | 303 |
| Prepaid expenses | 345 | 392 |
| | 5,555 | 8,016 |
| **Deferred Expenses** | 193 | 243 |
| **Grant Receivable From CIC (Note 11)** | 1,150 | - |
| **Capital Assets (Note 5)** | 13,431 | 13,762 |
| **Land Development Costs (Note 6)** | 39,409 | 33,623 |
| | 59,738 | 55,644 |
| **Current Liabilities** | | |
| Short term borrowings (Note 7) | 31,394 | 17,246 |
| Accounts payable | 1,663 | 1,509 |
| Customer deposits | 2,020 | 2,145 |
| Accrued salaries and benefits | 588 | 1,512 |
| Accrued liabilities | 121 | 1,384 |
| Provision for early retirement plan (Note 11) | 1,236 | 5,222 |
| | 37,022 | 29,018 |
| **Provision For Early Retirement Plan (Note 11)** | 1,150 | - |
| **Long Term Debt (Note 8)** | 30,000 | 30,000 |
| | 68,172 | 59,018 |
| **Deficiency In Assets** | | |
| Equity advances (Note 9) | 12,000 | 10,843 |
| Contributed surplus (Note 10) | 3,007 | 3,007 |
| Deficit | (23,441) | (17,224) |
| | (8,434) | (3,374) |
| | $ 59,738 | $ 55,644 |

Approved by the Board:

Director

Director 

## Statement of Operations and Deficit

Year Ended December 31, 2002 (thousands)

| | 2002 | 2001 |
|---|---|---|
| **Revenues** | | |
| Search and registration fees | $ 25,165 | $25,231 |
| Geomatics | 1,429 | 1,827 |
| Miscellaneous | 558 | 368 |
| | 27,152 | 27,426 |
| **Expenses** | | |
| Employee costs | 16,592 | 15,386 |
| Amortization of LAND development costs | 4,896 | 330 |
| Facilities and equipment supplies and services | 3,688 | 3,485 |
| Amortization of capital assets | 3,223 | 1,126 |
| Information technology services and maintenance | 2,716 | 2,031 |
| Bank charges and interest | 2,062 | 512 |
| Professional services and subcontract | 1,888 | 1,966 |
| Travel and business expenses | 454 | 561 |
| Communication and advertising | 292 | 529 |
| Other | 158 | 109 |
| | 35,969 | 26,035 |
| **Income (loss) from Operations before the following:** | (8,817) | 1,390 |
| Payment to the General Revenue Fund (Note 1) | (11,700) | (11,700) |
| Grant from CIC to fund early retirement plan (Note 11) | (892) | 5,287 |
| Early retirement plan (Note 11) | 892 | (5,287) |
| Grant from CIC (Note 11) | 14,300 | 4,000 |
| **Net loss** | (6,217) | (6,310) |
| **Deficit at Beginning of Year** | (17,224) | (10,914) |
| **Deficit at End of Year** | $ (23,441) | $ (17,224) |

## Statement of Cash Flows

Year Ended December 31, 2002 (thousands)

| | 2002 | 2001 |
|---|---|---|
| **Net Inflow (outflow) of Cash Related to the Following Activities:** | | |
| **Operating** | | |
| Net loss | $ (6,217) | $ (6,310) |
| Add: Charges not affecting cash | | |
| Costs previously capitalized | 120 | - |
| Early retirement program | - | 5,222 |
| Grant receivable from CIC | - | (5,287) |
| Amortization of capital assets and deferred expenses | 3,272 | 1,135 |
| Amortization of LAND development costs | 4,896 | 330 |
| | 2,071 | (4,910) |
| Net change in non-cash working capital items (Note 15) | (2,534) | 2,055 |
| | (463) | (2,855) |
| **Investing** | | |
| Additions to capital assets | (3,009) | (9,485) |
| LAND development costs | (10,683) | (14,848) |
| | (13,692) | (24,333) |
| **Financing** | | |
| Proceeds from short term borrowings | 14,148 | 246 |
| Repayment of short term borrowings | - | (10,000) |
| Proceeds from long term debt | - | 29,748 |
| Equity advances from CIC | 1,157 | 5,098 |
| | 15,305 | 25,092 |
| **Increase (decrease) in Cash** | 1,150 | (2,096) |
| **Cash, Beginning of Year** | 1,135 | 3,231 |
| **Cash, End of Year** | $ 2,285 | $ 1,135 |

NOTES TO THE FINANCIAL STATEMENTS, DECEMBER 31, 2002 (THOUSANDS)

## 1. The Corporation

A) STATUS

Information Services Corporation of Saskatchewan (the "Corporation") is a Saskatchewan Provincial Crown corporation operating under the authority of *The Crown Corporations Act, 1993* and *The Land Information Services Facilitation Act.*

Its mandate includes the re-evaluation, redesign and automation of Saskatchewan's Land Titles System and the integration of that system with the Provincial Survey, Mapping and Geographic Information Systems, including development of a foundation for e-business services, and the development of potential markets for the commercial use of its information services. Effective January 1, 2001, the Corporation assumed the operations of the Personal Property Registry.

Pursuant to subsection 2.1(2) of *The Land Information Services Facilitation Act* and Order-in-Council 730/1999, the Corporation was required to pay $2,000 per quarter to the General Revenue Fund of the Government of Saskatchewan ("GRF"). Pursuant to subsection 2.1(3) of The Personal Property Security Act, 1993 and Order-in-Council 767/2000, the Corporation was required to also pay $925 per quarter to the GRF (see Subsequent Event Note 18).

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan ("CIC"). Accordingly, its financial results are included in the consolidated financial statements of CIC. As a Provincial Crown corporation, it is not subject to federal or provincial income taxes in Canada.

B) LAND PROJECT

The LAND project (Land Titles Automated Network Development) was implemented throughout the province in 2001 and 2002. The budget for the project is $58,066. Costs incurred to December 31, 2002 are as follows:

| | |
|---|---|
| Server and network hardware/software | $ 6,886 |
| Leasehold improvements | 2,513 |
| Office furniture and machinery | 894 |
| Other capital assets | 370 |
| LAND development costs - LAND development | 29,175 |
| LAND development costs - Data conversion | 14,081 |
| Training and organizational preparation costs expensed | 1,649 |
| Training revenue | (438) |
| Actual LAND Project costs incurred to December 31, 2002 | $55,130 |

In addition, amortization of capital assets related to the project was capitalized prior to substantial completion of the development. This amount totaled $1,380. Remaining costs to complete the project are estimated at $5,370.

## 2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of periodic financial statements involves the use of estimates because the precise determination of financial data frequently depends upon future events. Actual results could differ from those estimates. The statements have been prepared by management within reasonable limits of materiality applying the accounting policies summarized below:

A) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and highly liquid short term investments with maturities at the date of purchase of three months or less.

B) INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis. In the case of work in process, cost includes direct labour and materials.

C) DEFERRED EXPENSES

Discounts incurred issuing long term debt are recorded at cost less accumulated amortization. These deferred expenses are amortized over the term of the related debt on a straight-line basis.

## Notes to the Financial Statements, December 31, 2002 (thousands)

d) Capital assets

Capital assets are recorded at cost, less accumulated amortization and any provision for impairment. Amortization is recorded on capital assets using the straight-line method over their estimated useful lives disclosed in Note 5. The costs of maintenance, repairs, renewals or replacements which do not extend the productive life of an asset are charged to operations when incurred. Amortization of capital assets used in the LAND Project was included in LAND development costs until substantial completion was reached. The Corporation evaluates the recoverability of these assets based upon the expected future undiscounted cash flows from the related assets.

e) LAND development costs

Development costs associated with the LAND Project are capitalized. Costs include materials, services, direct labour, interest and overhead costs which are readily identifiable with the project, as well as amortization of capital assets used in the LAND Project. Interest capitalized to date on the project amounted to $2,217, of which $156 was incurred during the year. Amortization is calculated on the straight-line basis over the system's estimated useful life at the rates disclosed in Note 6, commencing on the basis of its phased implementation. The Corporation evaluates the recoverability of these costs based upon the expected future undiscounted cash flows from the LAND system.

f) Revenue recognition

Operating revenues from Land Titles, Personal Property Registry and Geomatics services are recognized in the accounts when the services are performed.

g) Assurance and fee mitigation claims

Assurance and fee mitigation claims received by the Corporation and outstanding at year end are accrued by the Corporation.

### 3. Accounts Receivable

| | 2002 | 2001 |
|---|---|---|
| Customer accounts receivable | $ 1,116 | $ 881 |
| Other | 228 | 18 |
| | $ 1,344 | $ 899 |

### 4. Inventories

| | 2002 | 2001 |
|---|---|---|
| Work in process | $ 39 | $ 47 |
| Supplies | 252 | 256 |
| | $ 291 | $ 303 |

### 5. Capital Assets

| | Amortization Period (Years) | Cost | Accumulated Amortization | Net Book Value 2002 | Net Book Value 2001 |
|---|---|---|---|---|---|
| Server and network hardware/software | 3 | $ 6,886 | $ 2,458 | $ 4,428 | $ 5,165 |
| Geographic Information System | 5 | 10,186 | 6,378 | 3,808 | 3,917 |
| Leasehold improvements | 10 | 2,636 | 411 | 2,225 | 1,981 |
| Office furniture and machinery | 10 | 1,168 | 223 | 945 | 952 |
| Desktop hardware/software | 3 | 1,353 | 864 | 489 | 601 |
| Web site | 3 | 382 | 170 | 212 | 340 |
| Equipment | 5 | 408 | 164 | 244 | 325 |
| Customer service help desk | 3 | 316 | 130 | 186 | 283 |
| Other capital assets | 5 | 196 | 21 | 175 | - |
| Assets under development | 5-7 | 719 | - | 719 | 198 |
| | | $ 24,250 | $10,819 | $ 13,431 | $ 13,762 |

NOTES TO THE FINANCIAL STATEMENTS, DECEMBER 31, 2002 (THOUSANDS)

## 6. LAND Development Costs

| | Amortization Period (Years) | 2002 Cost | 2002 Accumulated Amortization | 2002 Net Book Value |
|---|---|---|---|---|
| Data conversion | 15 | $ 14,081 | $ 748 | $ 13,333 |
| LAND development | 7 | 30,555 | 4,479 | 26,076 |
| | | $ 44,636 | $ 5,227 | $ 39,409 |

| | 2001 Cost | 2001 Accumulated Amortization | 2001 Net Book Value |
|---|---|---|---|
| Data conversion | $ 7,152 | $ 37 | $ 7,115 |
| LAND development | 26,801 | 293 | 26,508 |
| | $ 33,953 | $ 330 | $ 33,623 |

## 7. Short Term Borrowings

| | 2002 | 2001 |
|---|---|---|
| Short term borrowing from the GRF, due March 31, 2003 bearing interest at 2.74% per annum. | $ 31,394 | $ 17,246 |

On December 20, 2001 approval was granted to the Corporation by the Minister of Finance to establish a line of credit with the Province of Saskatchewan to a maximum of $33,750, and to obtain long term debt from the Province of Saskatchewan amounting to $30,000 (see Note 8). Approval was also granted for the Corporation to establish a line of credit with a financial institution to a maximum amount of $250. On December 18, 2002, Order-in-Council 918/2002 increased the Corporation's total borrowing limit from $64,000 to $77,000.

## 8. Long Term Debt

The Corporation's long term debt comprises indebtedness to the GRF bearing interest at 4.75% per annum and maturing on December 1, 2006. Interest is payable semi-annually with no scheduled repayment of principal due until the date of maturity.

Interest consists of $658 (2001 - $1,571) on short term borrowings and $1,425 (2001 - $238) on long term debt, including an accrued amount of $121 (2001 - $121), of which $156 was capitalized (2001 - $1,321).

## 9. Equity Advances

As a Saskatchewan Provincial Crown corporation, the Corporation's equity financing has been provided in the form of an equity advance from CIC.

## 10. Contributed Surplus

The acquisitions of Land Titles operations from the Department of Justice and the SaskGeomatics Division from the Saskatchewan Property Management Corporation were conducted between related parties. As prescribed by Canadian generally accepted accounting principles in such cases, the excess of the carrying value of the nets assets acquired by the Corporation over the consideration paid is accounted for as a capital contribution, and has been credited to contributed surplus.

## 11. Grants from CIC

Order-in-Council #459/2002 authorized CIC to provide the Corporation a grant amounting to $8,000 for 2002 operating purposes. Order-in-Council #905/2002 authorized CIC to provide a grant to the Corporation in an amount not exceeding $6,300 for operating purposes.

Order-in-Council #590/2001 authorized CIC to provide a grant to the Corporation in an amount not exceeding $5,400 to fund the costs associated with Land Titles employees who experienced job loss as a result of the LAND project. At December 31, 2002, $2,386 is recorded in the accounts to provide for the outstanding amounts that management estimates will become payable with respect to eligible employees in future years, with $1,236 due within one year. A reduction of $892 in the total estimated liability and the related grant due from CIC has been recorded during the year ended December 31, 2002.

NOTES TO THE FINANCIAL STATEMENTS, DECEMBER 31, 2002 (THOUSANDS)

## 12. Financial Instruments

The Corporation does not use any form of derivative financial instruments to manage its exposure to credit risk, foreign exchange risk or interest rate risk.

CREDIT RISK
The Corporation does not have any significant concentration of credit risk. Its customers are predominantly provincial, federal and municipal government departments and agencies, and its private sector customers are diverse.

FOREIGN EXCHANGE RISK
Foreign exchange risk arises due to fluctuations in foreign currency exchanges rates. The Corporation does not conduct a significant portion of its business in foreign currencies.

INTEREST RATE RISK
The interest rate on long term debt is fixed. Short term borrowings obtained from the Province of Saskatchewan are at market rates.

FAIR VALUE
The carrying value of cash and cash equivalents, accounts receivable, short term borrowings, accounts payable and accrued liabilities approximates fair value due to their immediate or relatively short term maturity. The fair value of the long term debt is $30,897 at December 31, 2002.

## 13. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Prior to implementation of the LAND System, some related parties were not charged for search and registration activities; all related party transactions under the new LAND System are at legislated prices. These transactions, and amounts outstanding at year-end, are as follows:

| | 2002 | 2001 |
|---|---|---|
| Accounts receivable | $ 491 | $ 223 |
| Grant receivable from CIC | 2,440 | 5,287 |
| Prepaid expenses | 107 | 78 |
| Accounts payable | 222 | 390 |
| Accrued salaries and benefits | 91 | 1,028 |
| Revenues | 2,006 | 2,063 |
| Grants from CIC | 13,408 | 9,287 |
| Operating costs | 31,755 | 25,320 |
| Costs capitalized-Capital assets | 10 | 1,023 |
| Costs capitalized-LAND Development | 4,017 | 4,297 |

During the year, the Corporation purchased consulting services totalling $49 from a company in which an officer of the Corporation is a shareholder and a director. Of this amount, $9 was payable by the Corporation at December 31, 2002. These transactions were settled at prevailing market prices under normal trade terms consistent with similar third-party contracts.

In addition, the Corporation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

## 14. Commitments and Contingencies

The Corporation leases all of its office facilities under operating leases. Future minimum payments aggregate $16,112 including the following amounts over the next five years:

| | |
|---|---|
| 2003 | $ 1,807 |
| 2004 | 1,600 |
| 2005 | 1,605 |
| 2006 | 1,579 |
| 2007 | 1,768 |

*The Land Titles Act, 2000* contains an assurance provision where recovery of errors or omissions of the registrar may be available. No provision has been made for errors or omissions claims unknown to the Corporation as at the financial statement date.

NOTES TO THE FINANCIAL STATEMENTS, DECEMBER 31, 2002 (THOUSANDS)

### 15. Net Change in Non-Cash Working Capital Items

The net change during the year comprised the following:

| | 2002 | 2001 |
|---|---|---|
| Accounts receivable | $ (445) | $93 |
| Grant receivable from CIC | 2,019 | - |
| Inventories | 12 | 261 |
| Prepaid expenses | 47 | 2 |
| Accounts payable | 154 | 506 |
| Customer deposits | (125) | 481 |
| Accrued salaries and benefits | (924) | 149 |
| Accrued liabilities | (1,263) | 563 |
| Provision for early retirement plan | (2,009) | - |
| | $ (2,534) | $ 2,055 |

### 16. Pension Expense

The Department of Justice and SPMC provided employees to the Corporation pending the approval of formal employee transfer agreements for those employees. Effective October 1, 2001, employees previously provided through the Department of Justice were formally transferred to the Corporation. The formal transfer of those employees provided by SPMC to the Corporation took place in April 2002. The Department of Justice and SPMC were reimbursed at cost for these employee services. All employees are participants in defined contribution or defined benefit pension plans.

Employees hired after October 1, 1977 make contributions to the Public Employees Pension Plan (PEPP), a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the Corporation.

Employees hired prior to October 1, 1977 who did not elect to transfer to PEPP by October 1, 1978, make contributions to the Public Service Superannuation Plan (PSSP), a defined-benefit plan. The plan provides for pensions at retirement that are based on employees' years of service and their highest five years' earnings. Pension obligations for this plan are the responsibility of the GRE. PEPP accounts are also established for employees covered by PSSP to provide equal access to pension enhancements negotiated for members of PEPP.

The total pension expense of the Corporation for these plans for the year was $835 (2001 - $845).

### 17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

### 18. Subsequent Event

On February 25, 2003, the following Orders-in-Councils were approved by Cabinet and signed by the Lieutenant Governor:

- Order-in-Council 123/2003 suspending the requirement to pay $2,925 per quarter to the General Revenue Fund of the Government of Saskatchewan.
- Order-in-Council 124/2003 to establish a new fee schedule for the Land Registry effective April 14, 2003.
- Order-in-Council 125/2003 to amend the fee schedule under *The Land Surveys Act, 2000* effective April 14, 2003.

## Minister and Board of Directors (at Dec. 31/02)

**Minister Responsible for Information Services Corporation of Saskatchewan**
Hon. Chris Axworthy, Q.C.

Larry Hiles (Chair)
Chief Financial Officer
Doepker Industries
ISC Board
Finance and Audit Committee

Hon. Chris Axworthy, Q.C.
Minister Responsible for
Information Services
Corporation of Saskatchewan

Peggy Clark
Director, Community Services
City of Regina
ISC Board
Finance and Audit Committee

John Law
Chief Information Officer
Information Technology Office
ISC Board
Chair, Finance and
Audit Committee

Mark MacLeod
President & Chief Executive
Officer
Information Services
Corporation of Saskatchewan

Doug Moen
Deputy Minister
Department of Justice

Neil Henneberg (Secretary)
Crown Investments Corporation
of Saskatchewan

Past Board Members:
Rod Crook – until April 02
Frank Hart (Chair) – until April 02
Fraser L. Nicholson – until June 02
John Whyte, Q.C. – until Sept. 02

## Corporate Executive Team (at Dec. 31/02)

Mark MacLeod
President & Chief Executive
Officer

Ron Hewitt, Q.C.
Senior Vice President

Beverley A. Bradshaw
Vice President
Customer Services

Laurie Powers
Chief Financial Officer

Adrian Legin
Chief Information Officer

Ken Budzak
Director – Project Management

Shawna Kelly
Director – Communications

Karen Bright
Director – Human Resources

Wendy Searcy
Coordinator – Corporate
Management & Governance

## Land Registry Customer Service Centres and Departments

The Battlefords
Customer Service Centre
#6, 11204 Railway Avenue
North Battleford, SK S9A 2R7
Telephone: (306) 446-7900
Fax: (306) 446-7949

Humboldt
Customer Service Centre
Bay 15, Geschaft Centre
Box 3805, 1709 – 8th Avenue
Humboldt, SK S0K 2A0
Telephone: (306) 682-6782
Fax: (306) 682-6789

Moose Jaw
Customer Service Centre
903 Main Street North
Moose Jaw, SK S6H 0W9
Telephone: (306) 694-3534
Fax: (306) 694-3533

Prince Albert
Customer Service Centre
Bay #2, 2860 – 2nd Avenue West
Prince Albert, SK S6V 5Z4
Telephone: (306) 953-3590
Fax: (306) 953-3597

Saskatoon
Customer Service Centre
102-2100 Airport Drive
Saskatoon, SK S7L 6M6
Telephone: (306) 964-1250
Fax: (306) 964-1265

Swift Current
Customer Service Centre
3-1061 Central Avenue North
Swift Current, SK S9H 4G3
Telephone: (306) 778-8311
Fax: (306) 778-8417

Yorkton
Customer Service Centre
Bay #1-385 Broadway Avenue East
Yorkton, SK S3N 2Y4
Telephone: (306) 786-1557
Fax: (306) 786-1565

Regina
Customer Service Centre
Map and Photo Dist. Centre
Personal Property Registry
Surveys
260-10 Research Drive
Regina, SK S4P 3V7
Telephone: (306) 798-0641
Toll Free: 1-866-275-4721

E-Business Services Centre
1301 – 1st Avenue
Regina, SK S4P 3V7
Telephone: (306) 787-5861
Fax: (306) 798-0257

Conversion
North Service Road
Highway #1 East
Regina, SK
Telephone: (306) 787-9215
Fax: (306) 798-0407 or 798-1010

Information Services Corporation of Saskatchewan

300-10 Research Drive, Regina, SK S4P 3V7 Canada Telephone: 1-866-ASK-ISC1

E-mail: ask@isc-online.ca www.isc-online.ca